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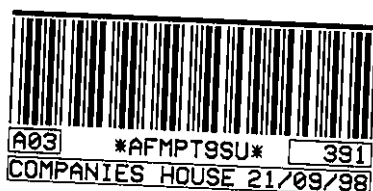
Grant Thornton 

INTERNATIONAL STA LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

28 FEBRUARY 1998



Company no 3012622

INTERNATIONAL STA LIMITED

FINANCIAL STATEMENTS

For the year ended 28 February 1998

Company registration number: 3012622

Registered office: 5 Mumby Road
Gosport
Hampshire
PO12 1AA

Directors: P R Duchesne
B M Evans

Secretary: P J Newell

Bankers: Lloyds Bank PLC
High Street
Gosport
PO12 1DE

Solicitors: Stallards
Diana House
33 - 34 Chiswell Street
London
EC1Y 4SE

Auditors: Grant Thornton
Registered auditors
Chartered accountants
Enterprise House
Isambard Brunel Road
Portsmouth
PO1 2RZ

INTERNATIONAL STA LIMITED

FINANCIAL STATEMENTS

For the year ended 28 February 1998

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INTERNATIONAL STA LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the year ended 28 February 1998.

Principal activities

The company is principally engaged in the provision of facilities to enable people to go to sea in races, including on board the schooners of the Sail Training Association.

Business review

There was a profit for the year after taxation amounting to £2,846 (1997: profit £-). The directors do not recommend payment of a dividend.

Directors

The present membership of the Board is set out below. Both directors served throughout the year.

The interests of the directors and their families in the shares of the company as at 28 February 1998 and 1 March 1997, were as follows:

	Ordinary shares	
	28 February 1998	1 March 1997
P R Duchesne	-	-
B M Evans	-	-

Directors' responsibilities for the financial statements

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

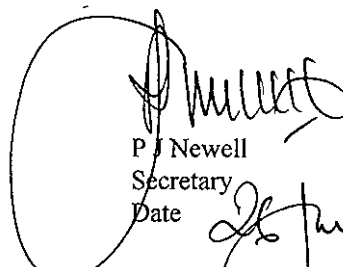
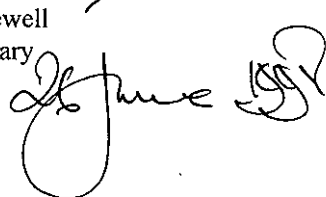
INTERNATIONAL STA LIMITED

REPORT OF THE DIRECTORS

Auditors

Grant Thornton offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD


P J Newell
Secretary
Date 

**REPORT OF THE AUDITORS TO THE MEMBERS OF
INTERNATIONAL STA LIMITED**

We have audited the financial statements on pages 4 to 11 which have been prepared under the accounting policies set out on page 4.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

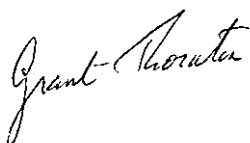
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 28 February 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS**

PORTSMOUTH

Date *26 June 1998*

INTERNATIONAL STA LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention.

The company is exempt from preparing consolidated financial statements on the grounds that, taken together with its subsidiaries, it qualifies as a small-sized group under s248 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

TURNOVER

Income is taken into account when received apart from port contributions and entry fees which are accounted for in the year in which the event takes place.

STOCKS

Stocks are stated at the lower of cost and net realisable value.

CONTRIBUTIONS TO PENSION FUNDS

Defined contribution scheme

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

LEASED ASSETS

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

INTERNATIONAL STA LIMITED**PROFIT AND LOSS ACCOUNT**

For the year ended 28 February 1998

	Note	1998 £	1997 £
Turnover	1	260,608	306,652
Administrative expenses		(194,487)	(218,323)
Operating profit		66,121	88,329
Covenant payment		(75,780)	(102,798)
Net interest	2	12,505	14,469
Profit transferred to reserves	11	2,846	-

There were no recognised gains or losses other than the profit for the financial year.

The accompanying accounting policies and notes form an integral part of these financial statements.

INTERNATIONAL STA LIMITED

BALANCE SHEET AT 28 FEBRUARY 1998

	Note	1998 £	1997 £
Fixed assets			
Investments	5	2	2
Current assets			
Stocks	7	894	1,236
Debtors	8	39,108	21,574
Investments	6	30,000	496
Cash at bank and in hand		209,907	213,943
		<u>279,909</u>	<u>237,249</u>
Creditors: amounts falling due within one year	9	(137,664)	(97,850)
Net current assets		<u>142,245</u>	<u>139,399</u>
Total assets less current liabilities		<u>142,247</u>	<u>139,401</u>
Capital and reserves			
Called up share capital	10	110,000	110,000
Share premium account	11	29,401	29,401
Profit and loss account	11	2,846	-
Shareholders' funds	12	<u>142,247</u>	<u>139,401</u>

The financial statements were approved by the Board of Directors on 26 June 1998.

P R Duchesne

Director

B M Evans

Director

The accompanying accounting policies and notes form an integral part of these financial statements.

INTERNATIONAL STA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 28 February 1998

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The turnover and profit before taxation are attributable to the provision of facilities to enable people to go to sea in races, including on board the Schooners of the Sail Training Association.

The profit on ordinary activities is stated after:

	1998 £	1997 £
Auditors' remuneration	1,800	1,500
Other operating lease rentals	11,116	7,475

2 NET INTEREST

	1998 £	1997 £
Other interest receivable and similar income	(12,505)	(14,469)

3 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	1998 £	1997 £
Wages and salaries	84,076	71,170
Social security costs	7,997	7,246
Other pension costs	3,675	4,154
	95,748	82,570

The average number of employees of the company during the year was 4 (1997:4), all of whom were engaged in administrative activities.

The directors remuneration in the year was £Nil (1997: £Nil)

4 TAX ON PROFIT ON ORDINARY ACTIVITIES

International STA Limited has entered into a covenant with The Sail Training Association, under which it will pay amounts following the end of the year. As a result of these covenants no liability to corporation tax is expected to arise for the year.

INTERNATIONAL STA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 28 February 1998

5 FIXED ASSETS INVESTMENTS

	Shares in group undertakings £
Net book amount at 28 February 1998	2
Net book amount at 28 February 1997	2

At 28 February 1998 the company held more than 20% of the allotted share capital of the following undertakings:

	Country of incorporation	Class of share capital held	Proportion held	Nature of business	Capital and reserves £	Profit for the financial year £
Tall Ships 2000 Limited	England and Wales	Ordinary	100%	Organisation of the Tall Ships race in the year 2000	£2,998	£70,740

The financial statements of Tall Ships 2000 Limited have not been consolidated as the company and its subsidiary qualify as a small sized group under s248 of the Companies Act 1985.

6 CURRENT ASSET INVESTMENTS

	1998 £	1997 £
Listed investments	30,000	-
Other investments	-	496

The aggregate market value of these investments at 28 February 1998 was £33,162 (1997: £496).

7 STOCKS

	1998 £	1997 £
Finished goods and goods for resale	894	1,236

INTERNATIONAL STA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 28 February 1998

8 DEBTORS

	1998 £	1997 £
Amounts owed by group undertakings	16,238	15,531
Amounts owed by undertakings in which the company has a participating interest	-	3,293
Other debtors	22,470	-
Prepayments and accrued income	400	2,750
	<u>39,108</u>	<u>21,574</u>

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1998 £	1997 £
Payments received on account	60,084	88,231
Amounts owed to group undertakings	75,780	-
Social security and other taxes	-	1,298
Other creditors	-	4,120
Accruals and deferred income	1,800	4,201
	<u>137,664</u>	<u>97,850</u>

10 SHARE CAPITAL

	1998 £	1997 £
Authorised 110,001 ordinary shares of £1 each	<u>110,001</u>	<u>110,001</u>
Allotted, called up and fully paid 110,000 ordinary shares of £1 each	<u>110,000</u>	<u>110,000</u>

11 SHARE PREMIUM ACCOUNT AND RESERVES

	Share premium account £	Profit and loss account £
At 1 March 1997	29,401	-
Retained profit for the year	-	2,846
At 28 February 1998	<u>29,401</u>	<u>2,846</u>

INTERNATIONAL STA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 28 February 1998

12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1998 £	1997 £
Profit for the financial year	2,846	-
Net increase in shareholders' funds	2,846	-
Shareholders' funds at 1 March 1997	139,401	139,401
Shareholders' funds at 28 February 1998	142,247	139,401

13 CAPITAL COMMITMENTS

The company had no capital commitments at 28 February 1998 or 28 February 1997.

14 CONTINGENT LIABILITIES

There were no contingent liabilities at 28 February 1998 or 28 February 1997.

15 PENSIONS

Defined Contribution Scheme

The company operates a defined contribution pension scheme for the benefit of the employees. The assets of the scheme are administered by trustees in a fund independent from those of the company.

The pension cost charge for the Year was £3,675 (1997 £4,154).

16 LEASING COMMITMENTS

Operating lease payments amounting to £10,126 (1997: £7,913) are due within one year. The leases to which these amounts relate expire as follows:

	1998		1997	
	Land and buildings £	Other £	Land and buildings £	Other £
In one year or less	-	3,376	-	1,163
In five years or more	6,750	-	6,750	-
	6,750	3,376	6,750	1,163

INTERNATIONAL STA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 28 February 1998

17 ULTIMATE PARENT UNDERTAKING

The directors consider that the ultimate parent undertaking of this company is The Sail Training Association (a company limited by guarantee) which is registered in England and Wales.

The largest group of undertakings for which group accounts have been drawn up is that headed by The Sail Training Association.

Advantage has been taken of special exemptions from disclosure of related party transactions under FRS 8 on the basis that the company is a wholly owned subsidiary of The Sail Training Association. Copies of the group financial statements are available from 2A The Hard, Portsmouth, Hampshire, PO1 3PT.

Amounts due from and due to related companies at 28 February 1998 are disclosed in notes 8 and 9 of the financial statements.